



OFFICE OF
INSURANCE COMMISSIONER

TECHNICAL ASSISTANCE ADVISORY

T 06-05

TO: All insurers, fraternal benefit societies, health care service contractors, and health maintenance organizations authorized in the State of Washington

AND

All resident agents and brokers licensed in the State of Washington

SUBJECT: Disaster Preparedness

DATE: September 6, 2006

Every responsible business should be prepared to respond to the consequences of a major disaster. This is particularly true for those in the insurance industry in view of the demands that were placed upon the industry when responding to the devastation caused by last year's hurricanes. The welfare of insurance consumers – who pay their premiums and expect their companies to help them at a time when they need it most – is paramount. For this reason, insurers and producers must be prepared to respond efficiently and effectively when a major disaster occurs in our state. To ensure that Washington consumers will receive the best possible service under the circumstances, the Commissioner has outlined what he expects, at a minimum, from companies and producers in the event of a disaster.

**INSURERS, FRATERNAL BENEFIT SOCIETIES, HEALTH CARE SERVICE CONTRACTORS,
AND HEALTH MAINTENANCE ORGANIZATIONS**

What should *insurers, fraternal benefit societies, health care service contractors, and health maintenance organizations* do to be prepared?

- *Prepare a Business Continuity Plan for each functional unit or division of the company*
- *Assist the company's employees in preparing emergency plans for themselves and their families.*
- *Confirm that providers of essential goods and services, upon which the company depends, have emergency plans in place.*
- *Test the Business Continuity Plan annually and update the plan to correct noted deficiencies.*
- *Designate a contact person and alternate and provide the Office of Insurance Commissioner (OIC) with their names, phone numbers and locations.*



What should a Business Continuity Plan include?

- *Executive endorsement of senior management roles and responsibilities.*
It is critical that executive management fully support the plan, take an active role in overseeing its preparation, and commit to implementing any operational or organizational changes that may be required by the plan.
- *Current business impact analysis.*
During the planning process, current essential business functions should be listed and studied. Interdependencies between departments and functions should be analyzed, and any new functions or business process changes accounted for. The business impact analysis must be dated and signed off by the divisions involved. A current analysis demonstrates that essential functions or recent process changes will be covered in the plan.
- *Coverage of all significant business activities and functions.*
- *Restoration priorities, including an estimated return to operations.*
- *Recovery plan for information systems, including back up.*
- *Off site locations and back up plan storage.*
- *Security plans for confidential information located in buildings and information systems.*

What level of service is expected for consumers?

- *Consumers should be able to speak with a company representative by telephone as soon as service is restored.*
- *Phone systems should be sufficient to respond to callers with a minimum wait time. Many callers will be using cell phones, which means that long hold times will be costly in minutes and battery power.*
- *Phone systems should allow consumers to leave a message. Voicemail boxes should have sufficient capacity to accept all messages between the times that they are cleared.*
- *Consumer information, including all paper and electronic files, should be secure.*
- *Consumers should be given a time when they can expect a return call.*
- *As soon as disaster assistance phone numbers are established, companies should report the number to the OIC. This will help OIC consumer assistance staff when they are referring callers.*

What information will be requested?

The Department of Homeland Security has designated the OIC as one of the agencies that will collect damage information, specifically estimates of the extent of property damage in the affected areas. The information required will vary, depending upon the type of emergency, but will most likely include the extent and location of the loss and the estimated dollar value of the

loss. This information will help the Governor determine the level of disaster assistance that will be requested. The Governor is responsible for issuing a Disaster Declaration.

To whom should *insurers, fraternal benefit societies, health care service contractors, and health maintenance organizations* report damage?

Companies should report damage assessments to the Washington Insurance Council or directly to the OIC. Companies must report assessments in approximate dollar amounts by zip code area. The OIC will get in touch with the company's designated contact person.

Who will have access to such information?

State emergency management personnel, the OIC designated liaison to the State Emergency Management Division, the Governor and the Governor's staff will have access to the damage assessment reports. Specific company information will not be released.

AGENTS AND BROKERS

What should *agents and brokers* do to be prepared?

- *Prepare a business continuity plan, including back up for all office functions.*
- *Back up data and maintain it at a secure location to ensure that confidential information will remain protected.*
- *Assist your employees in preparing plans for themselves and their families.*
- *Confirm that the back up phone system will allow customers to make contact with a minimum wait time. Many callers will be using cell phones, which means long hold times will be costly in minutes used and battery power.*

What should be done to prepare for possible relocation of an agent's or broker's office?

- *Establish an alternate contact point – either a telephone number or location.*
- *Report this location and phone number to the OIC. This will help OIC consumer assistance staff when they are referring customers.*

If you have questions regarding this Technical Assistance Advisory, you may contact Joan Scofield at 360-725-7244 or JoanS@oic.wa.gov.